



**Director of
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**Wednesday
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PHILIPPINES:**Implications of Plebiscite**

The large vote in favor of the draft Philippine constitution will give President Aquino a stronger political position from which to address such critical issues as counterinsurgency, the economy, and forthcoming national and local elections, but she must first deal with an increasingly distrustful military.

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Unofficial returns announced by the National Citizens' Movement for Free Elections indicate that approximately three-fourths of the voters on Monday favored the draft constitution. Only in the home regions of former President Marcos and ousted Defense Minister Enrile were "no" votes barely in the majority. Muslim areas of the southern Philippines, in which strong opposition was expected, voted heavily in favor of the constitution.

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Comment: The overwhelming support for the constitution provides a new mandate for Aquino's government. The margin of victory will make it more difficult for coup plotters to justify their actions. The establishment of constitutional authority for the government will defuse the arguments of supporters of Marcos, Enrile, and others that the Aquino government is illegitimate.

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The new political strength the plebiscite gives Aquino will help her tackle the critical issues facing her government, but it will not be easy to heal the rift between civilians in her government and the military that was underscored by the coup attempt last week. The military will watch closely how she punishes those involved. Stiff punishments risk undermining Chief of Staff Ramos's tenuous hold on military discipline; leniency, however, would encourage further maneuvering among elements of the military loyal to Enrile. Over the longer run, the military will be looking for signs that Aquino and her advisers share their concern about the growing Communist insurgency.

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The Communists may have been hurt by the outcome of the plebiscite since the constitution was approved by large margins in areas where they campaigned actively for its defeat. Their opposition to the constitution demonstrates that they are out of step with the majority of Filipinos. The insurgents must calculate that Aquino's new mandate may result in the military receiving permission to pursue them aggressively once the cease-fire ends this weekend.

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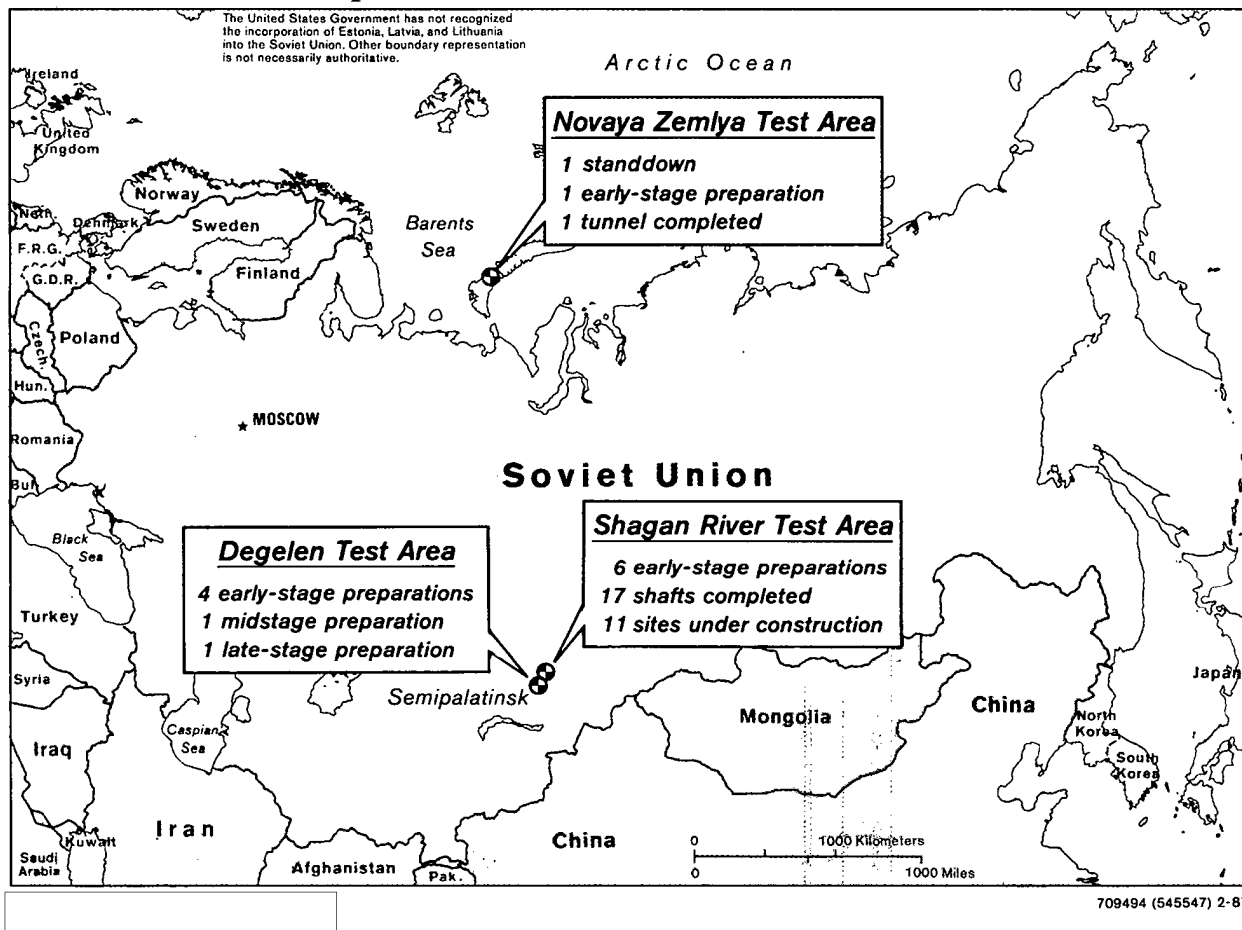
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Soviet Nuclear Test Preparations



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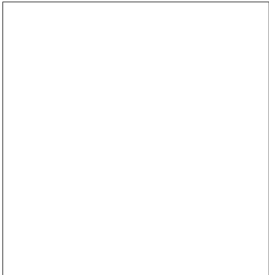
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USSR:

Ready To Resume Nuclear Testing




The Soviets are prepared to resume nuclear testing on short notice but may wait until their international peace conference in Moscow ends on 16 February. 

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TASS reacted quickly to yesterday's announcement that the US had conducted a nuclear test in Nevada, calling the action a challenge to world opinion. Immediately before the test, First Deputy Foreign Minister Vorontsov, Moscow's chief arms negotiator, had reiterated that the 18-month-old Soviet test moratorium would end with the first US nuclear test this year. 

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Comment: The Soviets almost certainly will use the US test to try to focus deliberations at the Conference on Disarmament in Geneva on the issue of nuclear testing. They probably will also delay a resumption of testing until after their elaborate peace conference to avoid undercutting their "peace initiatives." 

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The USSR nonetheless is poised to resume a vigorous test program, having conducted extensive preparations during the moratorium. Its first weapons test could occur within two weeks of a decision to proceed. 

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PORTUGAL-US:**Defense Debate**

A debate on defense policy in the Portuguese parliament today may expose the government to close questioning on its security ties to the US, especially in light of recent allegations in the press that the US may have used Portugal to ship arms to anti-Sandinista forces in Nicaragua.

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For the past two months, the Portuguese press has been rife with reports of shipments of Portuguese arms to Iran and, more recently, to the anti-Sandinistas. The press has focused less on the government's possible complicity—the current and previous governments have denied any involvement—than on alleged US attempts to use Portugal to procure and transship arms.

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The fledgling center-left Democratic Renewal Party of former President Eanes called for the debate on defense policy several weeks ago. Under the current system, an opposition party can call for an interpellation in parliament only twice during the legislative year.

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Comment: The Democratic Renewal Party is anxious to carve out an identity for itself. It has chosen to use the defense debate to try to embarrass the minority, center-right government of Prime Minister Cavaco Silva. Given the possibility of an early election this year, the Socialists and the Communists probably will also use the debate to score points with the public.

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The debate is likely to extend beyond Lisbon's arms export policy to broader Portuguese-US security issues, including Lisbon's concern about the declining level of US assistance, the US military's ability to transit Lajes airbase in the Azores, and possibly the longstanding dispute over the construction of a US satellite tracking station in southern Portugal. All opposition parties probably will try to capitalize on a growing public perception that the US tends to take Portugal for granted.

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In the past, successive Portuguese governments—whether of the left, right, or center—generally have favored strong security ties to the US and NATO. While the broad consensus for doing so still exists, Portugal's accession to the EC and Spain's entry into NATO are prompting the Portuguese to look increasingly to their interests in Western Europe and to scrutinize more closely their ties to the US.

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CZECHOSLOVAKIA: Concern Over Antiregime Violence

The recent bombing of the Czechoslovak Communist Party's headquarters at Ceske Budejovice and subsequent attempted attacks on the party's buildings in other cities have alarmed authorities and led to heightened security at facilities across the country. The regime reportedly believes these acts are the work of youth gangs controlled by unidentified foreigners.

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Comment: It is unclear whether this violence represents random protests or is the work of an organized opposition movement or outside group. The sketchiness suggests that such activity is not widespread. The regime will nonetheless employ whatever resources are necessary to contain quickly any antiregime violence before it escalates or results in major protests that could evoke a response from the usually apathetic population.

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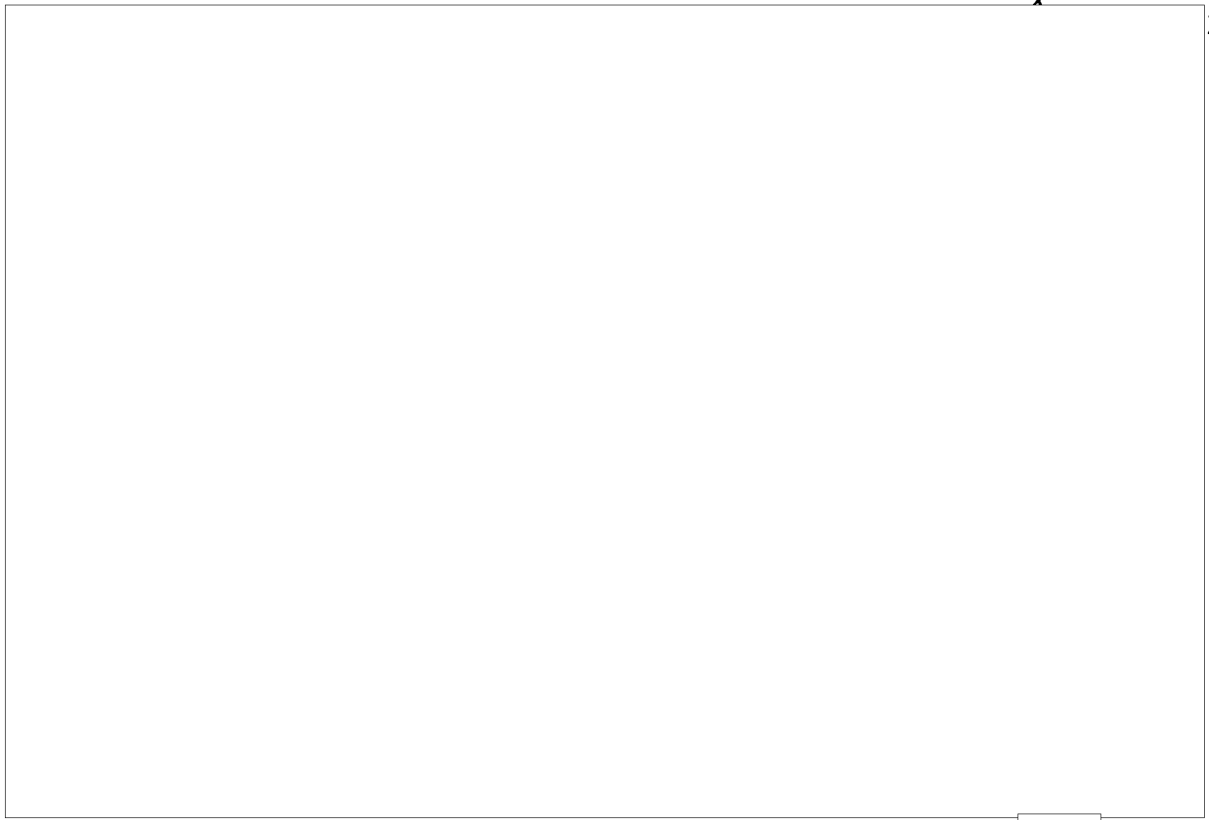
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WESTERN EUROPE: Competition for US Aircraft Vendor

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The West European aircraft consortium Airbus Industrie is trying to win over the airlines that were the first customers for the new McDonnell Douglas MD-11 long-range wide-body aircraft. According to the US Embassy in Stockholm, Airbus Industrie has offered a 25-percent discount on its new A340 long-range aircraft to entice Scandinavian Airlines to switch its order. The US Embassies in Rome and Bangkok report similar offers to Alitalia and Royal Thai Airlines—including free use of substitute aircraft between the MD-11 delivery date in 1990 and that of the A340 in 1992. These initiatives are causing governments and airlines to reevaluate their choices.

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Comment: Airbus Industrie has been aggressively seeking customers for its A330/A340 aircraft for the past year. The apparently successful marketing of the MD-11 has forced the consortium to adopt a strategy of trying to reverse the purchase decisions of the airlines. The design and development costs of the A330/A340 would add another \$2.9-3.1 billion in subsidies to the \$7.5 billion provided by member governments in support of Airbus Industrie since its inception in 1970.

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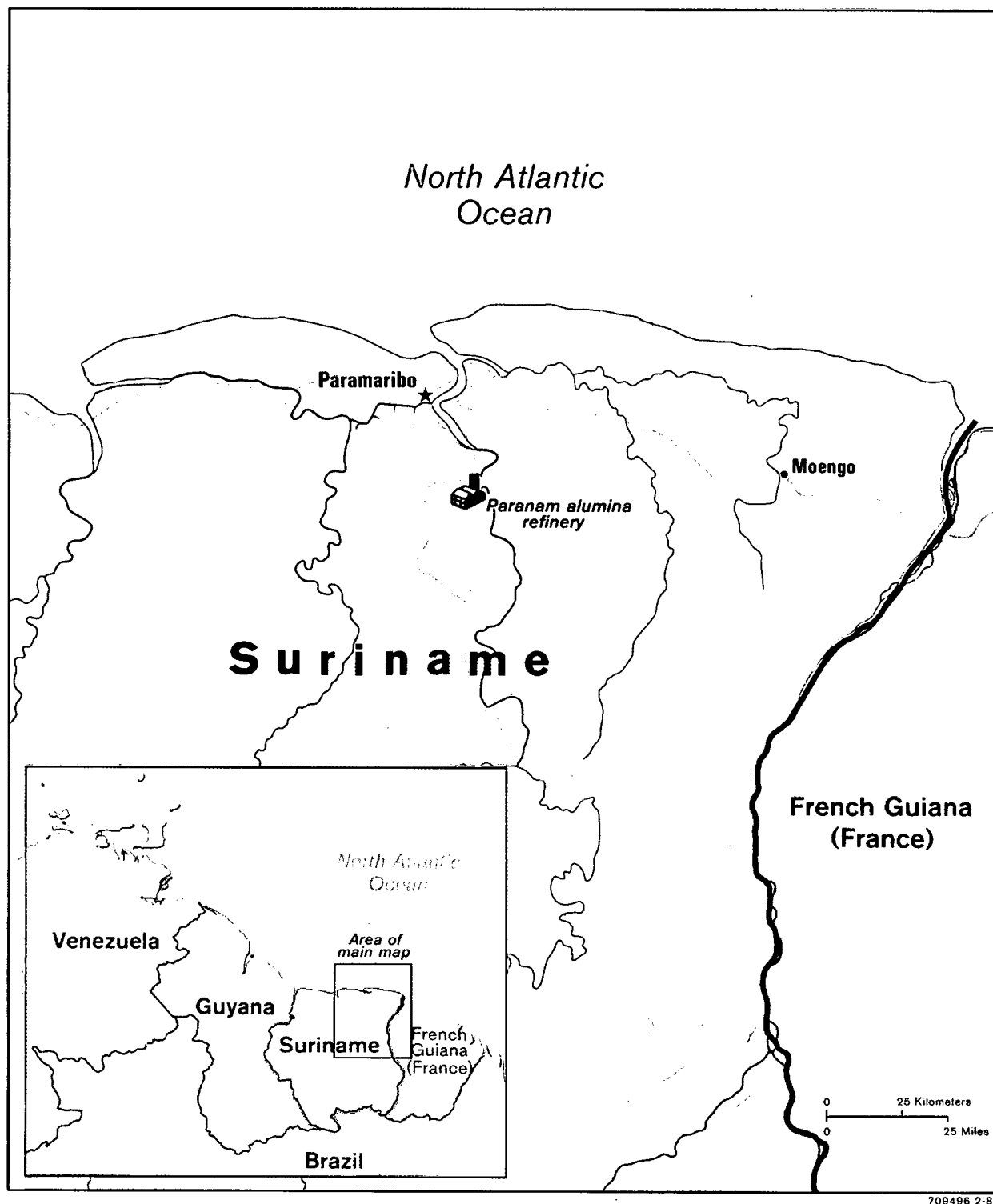
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SURINAME: Labor Strife

Attempts by disgruntled bauxite workers to close the US-owned Suralco refining facilities on Monday and periodic sabotage by insurgents may prompt the company to pull out of Suriname. The US Embassy in Paramaribo reports that 80 bauxite workers tried to shut down the powerhouse at Suralco's Paranam alumina refinery. The police dispersed workers, but a US official reports the refinery was damaged extensively.

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says that workers had threatened to close all Paranam operations after the company laid off at least 500 workers last week when sabotage of powerlines by the rebels forced closure of the smelter. According to the US Embassy, the company, which accounts for 50 percent of Suriname's hard currency earnings, has demanded major financial concessions from the Bouterse regime to stay in Suriname.

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Comment: This is the first significant labor strife in Suriname since 1984, when militant bauxite workers won tax concessions from the Bouterse government. Continuing insurgent activity, coupled with the labor problems and resultant damage, probably will cause the company to cease operations for an extended period—or possibly to close down entirely—even if it receives additional concessions.

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In Brief

Middle East

— Indirect flow of **Libyan** oil products from **Europe** to US down sharply, [redacted] . increased deliveries to **Italy**, northern Europe . . . European demand for oil allowing Tripoli to command premium prices. [redacted]

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East Asia

[redacted] ~~US Embassy reports~~ Wang Renzhi to head **China's** propaganda department, replacing protege of Hu Yaobang . . . influential in media campaign against liberalization, attacks on intellectuals . . . appointment shows increased conservative influence. [redacted]

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— **Chinese** gold production up 14 percent last year . . . [redacted] estimate annual output at 50 tons . . . Beijing pushing production, exports to bolster sagging foreign exchange holdings. [redacted]

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Africa

[redacted] — **Ethiopia** to resume controversial resettlement program, probably in March, according to Relief Commissioner . . . plans to move 180,000 people to remote regions by September . . . international attention may limit more flagrant human rights abuses. [redacted]

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Special Analysis**SOUTH KOREA:****Human Rights Controversy Heats Up**

The recent death of a South Korean student in police custody has reinvigorated President Chun's political opponents and set back his timetable for constitutional reform. Despite the government's efforts at damage control, public indignation over recurring human rights abuses remains strong, increasing the prospect for large crowds at rallies scheduled this Saturday to protest torture. Seoul is ready to take harsher measures to prevent the opposition from capitalizing on the current mood, but the fallout from the torture issue raises the likelihood of political conflict this spring.

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Opposition leaders are mobilizing a broad spectrum of religious and dissident groups for rallies in Seoul and 10 provincial cities to coincide with memorial services for the student. Rally sponsors claim that 20,000 volunteers are helping organize activities.

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The government, in an attempt to diminish the turnout, has declared that the rallies are designed to foment social unrest and are therefore illegal. In addition, the press reports that police have intensified efforts to arrest student radicals, probably in an attempt to keep dissident extremists on the sidelines.

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Despite the indictment of two police interrogators in the student's death and the promise of a special presidential committee to prevent further abuses, critics of the government have used the incident to highlight past human rights violations. According to the US Embassy, opposition lawmakers recently took advantage of a special parliamentary session called to investigate the student's death to grill government officials on Seoul's human rights record.

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Opposition Offensive

Leaders of the New Korea Democratic Party, the main opposition, see the rallies scheduled for Saturday as an opportunity to galvanize support for their platform—particularly their call for a directly elected president.

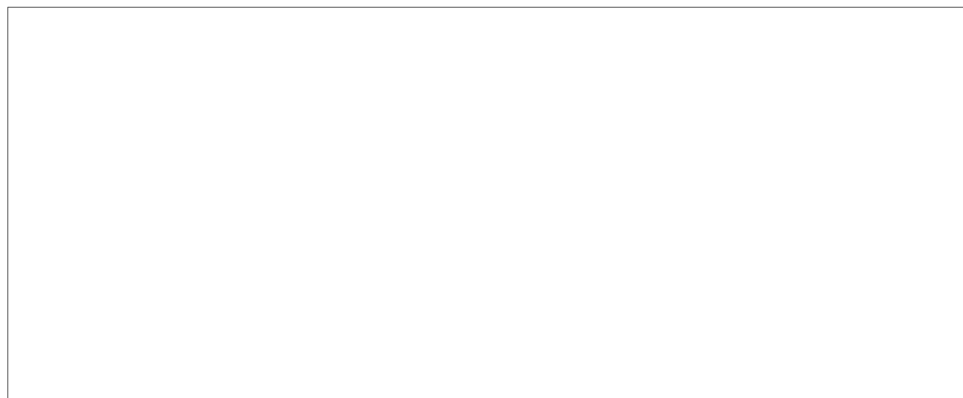
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Risks for Both Sides

The opposition is banking heavily on its ability to convert public outrage into political capital. Street rallies on Saturday, however, open the party to a potentially embarrassing setback such as occurred last fall when public apathy—as much as massive deployment of riot police—scuttled opposition efforts to mobilize broadbased support. [REDACTED]

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The human rights focus of the organizers nonetheless raises risks for the government. For example, any police interference in religious services would give credence to opposition claims that Chun lacks a real commitment to political liberalization. This would reinforce the suspicions of many South Koreans that Chun sees constitutional reform solely as a means to perpetuate his power beyond 1988.

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Even if the rallies pass without serious incident, Chun will not be out of the woods. The public and the opposition will be watching the police trial and the proceedings of the watchdog committee for signs of a coverup. [REDACTED]

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If Chun gives the committee broad powers, the investigation could produce politically explosive findings. [REDACTED]

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In any event, failure to contain the human rights issue will bog down Chun's efforts to move forward on the constitutional revision issue this spring. [REDACTED]

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Special Analysis**EASTERN EUROPE: Halfhearted Discipline Campaigns**

Many East European regimes, spurred by Soviet General Secretary Gorbachev's new policies and their own economic needs, are implementing antialcohol and worker-discipline campaigns, but the leaders lack the commitment necessary to overcome these deeply rooted and costly social problems. The East European peoples generally regard these programs as insincere efforts by the regimes to curry favor with Moscow at the public's expense.

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The East European governments have legitimate economic motives to combat alcohol abuse and poor worker discipline, which have long contributed to the region's chronic productivity and quality control problems. In some cases, efforts to increase worker discipline predate Gorbachev's initiatives. In Romania, for example, President Ceausescu has imposed draconian labor controls since the early 1980s to increase hard currency earnings. The Soviet discipline campaign is appealing to the other, more orthodox East European states, such as Czechoslovakia and Bulgaria, as a palliative for their economic ills that is less risky and controversial than systemic reform.

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To combat the problems of alcoholism and poor worker discipline, the East Europeans generally have relied on raising the price and restricting the availability of alcohol, on public exhortation and reprimands, and on well-publicized firings of lax managers. ~~According to the US Embassy in Budapest,~~ the Hungarians have hired a US public relations firm to develop an educational program aimed at young people, and they have begun to withhold bonuses from managers whose workers arrive late.

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Both the Czechoslovaks and the Bulgarians have mounted press campaigns against corruption and laxity among managers and workers in recent months, and Prague gave broad press coverage to the firings of two alcoholic district party secretaries. East Germany does not publicly acknowledge alcohol or discipline problems.

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East European leaders for years have allowed these problems to fester and still appear to lack Gorbachev's determination to tackle them. Workers are among the most volatile groups in Eastern Europe, and most regimes—especially those in Warsaw and Budapest—are unwilling to risk their ire by clamping down too much. There is even an economic disincentive to an overzealous antialcohol campaign—severe restrictions in liquor consumption could reduce tax earnings from alcohol sales, especially in Poland, where the government's vodka monopoly provides substantial revenue.

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The current programs have done little to reform popular lifestyles. Even though some groups, such as the Catholic Church and Solidarity in Poland, are supportive of antialcohol campaigns, widespread distrust of regime motivations tends to undermine popular support for any such government initiative. Most East Europeans probably will continue to react to these appeals, as they have to other mobilization campaigns, by shrugging them off and seeking new methods of circumvention.

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